

From: [Leefers, Kristin](#)
To: [john ryan](#); Frederick.Phillips@USDOJ.GOV
Cc: [Lukas O'Dowd](#); marc@lyonsodowd.com; [Moreen, Ed](#); [Adams, Bill](#); [Bruce Reid](#); [Howard Crosby](#)
Subject: RE: Proposed terms for settlement of claims
Date: Thursday, August 24, 2017 2:14:00 PM

Good Afternoon John-

Thank you for your email below and for updating EPA on the issues Liberty Silver is facing right now. Your proposal that delays the previous terms by 2 years, and provides for payment of water treatment from November 2017 through the course of the lease, is likely acceptable to EPA. The Region 10 EPA staff and management have discussed the proposal however we do need to continue to run this up our EPA management chain in headquarters and DOJ also needs to weigh in. Fred Phillips is out of the office through the first week in September so we do not anticipate having a definitive answer on your proposal until then. We are also evaluating options for the type of agreement EPA and Liberty could potentially enter into covering the lease term only. Further down the road we would negotiate a separate agreement if/when Liberty elects to purchase the mine.

We will be in touch again in a few weeks once DOJ has had a chance to review the proposal.

Sincerely,
Kris

Kris Leefers
Assistant Regional Counsel
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From: john ryan [mailto:(b) (6)]
Sent: Friday, August 18, 2017 6:57 AM
To: Frederick.Phillips@USDOJ.GOV
Cc: Lukas O'Dowd <luke@lyonsodowd.com>; marc@lyonsodowd.com; Moreen, Ed <Moreen.Ed@epa.gov>; Adams, Bill <Adams.Bill@epa.gov>; Leefers, Kristin <Leefers.Kristin@epa.gov>; Bruce Reid <br@carlislegold.com>; [Howard Crosby](#)
(b) (6)
Subject: Re: Proposed terms for settlement of claims

Dear Fred,

Liberty Silver has encountered some special corporate challenges with respect to recent SEC actions having been initiated against the largest shareholder of the Company - Robert

Genovese.

As you may be aware, none of the current Officers or Directors of the Company had positions with the Company at the time of the occurrences of the incidents cited in the complaint against Mr. Genovese, and which occurred in 2012.

Mr. Genovese had given myself and the other current Directors of the Company an account of the class action lawsuit that was filed in 2013 by private parties alleging damages as a result of the rise and fall of the share price of Liberty Silver. That case (filed in a South Florida Federal Court) was dismissed in 2016.

I believe that Mr. Genovese thought (and we current Directors also believed) that the incident was behind him, and he thus sought the help of Bruce Reid, Howard Crosby and myself to find a quality asset such as Bunker Hill to assist him with reviving Liberty Silver.

One step the new Board and Mr. Genovese agreed to undertake was to "lock up" all of his Liberty Silver shares for a period of five years, and also to assign to Bruce Reid, our Chairman, a voting proxy on all of his shares. These steps were taken months prior to the current SEC action in an effort to assure the market and prospective investors that Mr. Genovese and the new management was committed to a successful revival of Liberty. A revival accomplished through the acquisition and building of a long term, real and verifiable asset in the resource sector such as the Bunker Hill.

I should also relate that in the wake of the recent SEC action, and to supplement the above steps, the Company has consulted its own counsel and is currently considering if there are any other actions or evaluations the Board should be taking.

As you can imagine, the filing of this complaint against a major shareholder has taken some of our prospective investors by surprise, and has set us back in some respects with our fundraising efforts. That being said, we are still committed - and confident - that we can achieve the goals with respect to Bunker Hill that we have previously outlined in our very fruitful past discussions and correspondence.

At the suggestion of some of our closest advisors, we now realize it would be worthwhile to allow some time to pass to accommodate a potential settlement or other adjudication of the SEC action before we raise the large amount of capital it will take to revive the Bunker back into the productive asset it could be.

Therefore, we have been actively discussing and intend to undertake a two year lease with respect to the mine to begin November, 2017, and with an option to purchase at our sole election. The purchase terms outlined in the lease option would be \$25 million to Placer Mining over an eleven year period and \$20 million in payments to the EPA over an eight year period. The payment terms to the EPA are those which we discussed previously - \$3 million for five years and \$1.67 million for three years. The payments would begin upon signing and closing which is anticipated to be November, 2019.

Although I know this is a quite a change, importantly, as part of the lease, Liberty Silver would agree to pay for water treatment charges of the mine to begin this November of 2017 and throughout the time period of the lease.

The work we would do at the mine in the two year period would be repair work, resource confirmation work, as well as design work. As you can imagine, there is no shortage of things to be done at the mine to get it ready for future production.

I think that the above is a win-win for all. The EPA and American taxpayer is finally relieved of the burden of treating the mine water commencing November of 2017. The work that we do in the next two years will create jobs and bring an important Idaho asset (and national asset) closer to realizing a goal of once again being a productive asset.

I would further add that we are highly excited to bring to the mine new production and extraction technologies which will not only aid productivity, but accomplish the goals of guarding the environment and in fulfilling our duties of social and community responsibilities.

You may also ask - what if after two years Liberty elects not to purchase the mine?

Although we at Liberty are highly motivated to successfully complete this transaction, even in the context of not buying the mine, I believe there are positives. Namely, the repair work, resource delineation, and design work we accomplish will accumulate to the benefit of Placer Mining and thus the mine will be much better positioned in the future to find a suitor, even if for some reason we are not successful in our own bid.

I would also venture to say, and I do not believe that Mr. Hopper would disagree, that the mine needs this lease right away. Our engineers believe that without urgent repair work on the Kellogg Tunnel, the near-term eventuality of this tunnel falling into a state of disrepair of such magnitude that it would be inaccessible would greatly chill in the future any possible purchaser, and highly increase the likelihood that the mine never returns to production.

I hope the above outline of our intentions is well received. We are asking for your support and buy-in on our course of action as we need that support to make this happen.

Myself and other members of the Board remain at your disposal to clarify our intentions, answer any questions, and to receive any suggestions you and the EPA team may have.

Best regards,

John Ryan

Cell: (b) (6)

From: "Phillips, Frederick (ENRD)" <Frederick.Phillips@usdoj.gov>
To: John Ryan <(b) (6)>
Cc: Lukas O'Dowd <luke@lyonsodowd.com>; "marc@lyonsodowd.com" <marc@lyonsodowd.com>; "Moreen, Ed" <Moreen.Ed@epa.gov>; "Adams, Bill" <Adams.Bill@epa.gov>; "Leefers, Kristin" <Leefers.Kristin@epa.gov>
Sent: Thursday, August 3, 2017 3:55 PM
Subject: RE: Proposed terms for settlement of claims

John,

While there remain a number of details to be finalized among the three parties, recent discussions between the parties' various representatives and our tentative agreement on payment amounts/schedules leave me optimistic that the parties will get this deal done. To that end, I think it's probably useful at this point to make sure that everyone is on the same page as we move forward toward formal settlement. Can you circulate an email to all parties reflecting the terms that you have communicated to us separately, i.e., the terms of the deal with PMC and the US as you/Liberty currently understand them?

Thanks very much,

FSP

From: John Ryan [[\(b\) \(6\)](mailto:(b) (6))]
Sent: Wednesday, August 02, 2017 10:21 PM
To: Phillips, Frederick (ENRD) <FPhillips@ENRD.USDOJ.GOV>
Cc: Lukas O'Dowd <luke@lyonsodowd.com>; marc@lyonsodowd.com; Moreen, Ed <Moreen.Ed@epa.gov>; Adams, Bill <Adams.Bill@epa.gov>; Leefers, Kristin <Leefers.Kristin@epa.gov>
Subject: Re: Proposed terms for settlement of claims

Dear Fred,

The previous email should have said three annual payments of 1.67 million etc.

Thus the total pay period is eight years.

Best

John

Sent from my iPhone

On Aug 2, 2017, at 22:17, John Ryan (b) (6) wrote:

Dear Fred,

In talking with all the directors and reviewing our project d cash flows there is one slight modification.

The proposal the board would suggest is \$15 million over five years as previously discussed in equal \$3 million payments.

Then three payments of \$1.67 million, \$1.67 million and \$1.66 million to pay the final \$5 million.

On that basis the Board is agreed to propose those payment terms to the EPA.

Best,

John

Sent from my iPhone

On Aug 2, 2017, at 15:55, Phillips, Frederick (ENRD)
<Frederick.Phillips@usdoj.gov> wrote:

Gentlemen:

Bob Hopper has conveyed that he and John Ryan have tentatively agreed that purchase and sale of the Bunker Hill Mine will include payment to the United States of \$20 million over seven years, consisting of annual payments of \$3 million in years 1 – 5 (\$15 million total) and annual payments in years 6 and 7 of \$2.5 million (\$5 million total). The United States would not receive any NSR payments.

Please confirm that Liberty Silver endorses the above payment terms.

Thanks,

FSP

Frederick S. Phillips
Senior Trial Attorney
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